



June 30, 2022

VIA ELECTRONIC FILING

Mr. Walter L. Thomas, Jr., Secretary
Alabama Public Service Commission
100 N. Union Street
Post Office Box 304260
Montgomery, AL 36130

Re: Estimated Avoided Cost Information of Alabama Power Company

Dear Mr. Thomas:

Please find attached the Estimated Avoided Cost Information for Alabama Power Company as required by 18 C.F. R. § 292.302 of the Federal Energy Regulatory Commission's regulations. We would emphasize that neither this filing nor the information reflected herein sets forth rates. Moreover, any appropriate rate for a purchase by Alabama Power Company from a qualifying cogenerator or small power producer (i.e., qualifying facilities under the Public Utility Regulatory Policies Act of 1978) cannot be developed solely from the attached information.

Consistent with the Commission's rules on e-filing, a copy of this submittal, along with one confirmation copy to be returned with a self-addressed Fed-Ex envelope, is being sent to your attention by overnight mail.

Should you have any questions or if there is anything further we can do to assist, please do not hesitate to contact Mr. John B. Kelley at (205) 257-4250.

Sincerely,

Scott B. Grover

SBG:ke

Enclosures

cc: Electricity Policy Division

The data submitted fulfill the requirements of Section 292.302 of Chapter I, Title 18, Code of Federal Regulations.

NOTE: THE DATA GIVEN ARE **ESTIMATES** OF COSTS FOR ALABAMA POWER COMPANY AND ARE NOT INTENDED FOR USE AS RATES FOR PURCHASES BY THE COMPANY. THE ESTIMATED AVOIDED ENERGY COSTS ARE SENSITIVE TO PROJECTIONS OF INFLATION AND ESTIMATED LOADS. BEFORE COMMITTING CAPITAL RESOURCES BASED ON THESE ESTIMATES, PLEASE CONSULT WITH APPROPRIATE UTILITY OFFICIALS.

1. 292.302 (b) (1)

Attachment I provides the estimated avoided costs for Alabama Power Company, solely with respect to the energy component for various levels of purchases. These costs are stated on a cents per kilowatt-hour basis, during daily and seasonal peak and off-peak periods for ten levels of purchases, by year, for the current year of 2022, and each of the next five years. All costs include fuel and variable O&M and emission allowances, if any, and represent estimated avoided costs at the generator bus.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing

ESTIMATED AVOIDED COSTS
(CENTS/KWH)

2022

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	3.98	2.87	3.02	2.77
101 - 200	3.97	2.85	3.00	2.75
201 - 300	3.96	2.84	2.98	2.74
301 - 400	3.95	2.83	2.97	2.73
401 - 500	3.94	2.81	2.95	2.71
501 - 600	3.94	2.80	2.94	2.70
601 - 700	3.93	2.79	2.92	2.69
701 - 800	3.92	2.77	2.91	2.68
801 - 900	3.91	2.76	2.90	2.67
901 - 1000	3.90	2.74	2.89	2.65

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

Note:

The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing

ESTIMATED AVOIDED COSTS
(CENTS/KWH)

2023

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	3.40	2.46	2.60	2.41
101 - 200	3.39	2.45	2.58	2.40
201 - 300	3.39	2.45	2.56	2.38
301 - 400	3.38	2.44	2.55	2.37
401 - 500	3.38	2.43	2.53	2.36
501 - 600	3.37	2.43	2.51	2.35
601 - 700	3.37	2.42	2.50	2.33
701 - 800	3.36	2.41	2.49	2.32
801 - 900	3.36	2.40	2.47	2.31
901 - 1000	3.35	2.40	2.46	2.30

PRICING PERIOD DEFINITIONS

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(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

Note:

The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing

ESTIMATED AVOIDED COSTS
(CENTS/KWH)

2024

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	3.65	2.60	2.36	2.26
101 - 200	3.63	2.59	2.35	2.25
201 - 300	3.62	2.58	2.34	2.24
301 - 400	3.61	2.57	2.33	2.24
401 - 500	3.60	2.55	2.32	2.23
501 - 600	3.58	2.54	2.31	2.22
601 - 700	3.57	2.53	2.30	2.21
701 - 800	3.56	2.52	2.29	2.20
801 - 900	3.54	2.51	2.28	2.19
901 - 1000	3.53	2.50	2.27	2.18

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

Note:

The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing

ESTIMATED AVOIDED COSTS
(CENTS/KWH)

2025

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	3.73	2.66	2.39	2.32
101 - 200	3.71	2.65	2.38	2.31
201 - 300	3.70	2.64	2.37	2.30
301 - 400	3.69	2.63	2.36	2.29
401 - 500	3.67	2.61	2.35	2.28
501 - 600	3.66	2.60	2.34	2.27
601 - 700	3.64	2.59	2.33	2.26
701 - 800	3.63	2.58	2.32	2.25
801 - 900	3.62	2.56	2.31	2.25
901 - 1000	3.60	2.55	2.31	2.24

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

Note:

The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing

ESTIMATED AVOIDED COSTS
(CENTS/KWH)

2026

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	3.88	2.81	2.51	2.45
101 - 200	3.87	2.80	2.50	2.43
201 - 300	3.85	2.78	2.48	2.42
301 - 400	3.84	2.76	2.47	2.41
401 - 500	3.83	2.75	2.46	2.40
501 - 600	3.81	2.73	2.45	2.39
601 - 700	3.79	2.72	2.44	2.37
701 - 800	3.77	2.71	2.42	2.36
801 - 900	3.75	2.69	2.41	2.35
901 - 1000	3.74	2.68	2.40	2.34

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

Note:

The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.

ALABAMA POWER COMPANY

18 C.F.R. § 292.302(b) 2022 Filing
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2027

MW Blocks	Period 1 Peak Season Peak Hours	Period 2 Peak Season Off-Peak Hours	Period 3 Off-Peak Season Peak Hours	Period 4 Off-Peak Season Off-Peak Hours
1 - 100	4.01	2.93	2.58	2.50
101 - 200	4.00	2.92	2.57	2.49
201 - 300	3.99	2.91	2.56	2.48
301 - 400	3.98	2.89	2.55	2.47
401 - 500	3.96	2.88	2.54	2.46
501 - 600	3.95	2.87	2.53	2.45
601 - 700	3.93	2.85	2.52	2.44
701 - 800	3.92	2.83	2.50	2.43
801 - 900	3.90	2.81	2.49	2.43
901 - 1000	3.88	2.79	2.48	2.42

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) Peak Season Peak Hours	June-Sept	Monday - Friday	1100 - 2100
(2) Peak Season Off-Peak Hours	June-Sept	Monday - Friday Saturday - Sunday	2100-1100 All Hours
(3) Off-Peak Season Peak Hours	Jan-May & Oct-Dec	Monday - Friday	0800-2100
(4) Off-Peak Season Off-Peak Hours	Jan-May & Oct-Dec	Monday - Friday Saturday - Sunday	2100-0800 All hours

<p>Note: The estimated avoided costs above for the 100 MW decrements to territorial load are based on a marginal dispatch of system units and represent cost at the generator bus. The costs reflect marginal spot fuel rates, and include costs associated with variable O&M and emission allowances.</p>

2. 292.302(b) (2)

Alabama Power Company's plan for the addition of capacity by amount and type, for new purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding 10 years.

<u>Year</u>	<u>Winter Capacity Change (MW)</u>	<u>Type</u>
2022	(6)	PPA Expiration
	23	Capacity Upgrade
2023	85	Planned Capacity Addition
	(708)	PPA Expiration
	743	Acquisition
	(17)	Inactive Reserve
2024	(29)	PPA Expiration
	727	Self-Build
	915	Acquisition
	348	PPA Expiration
	4	PPA
	(757)	Planned Unit Retirement
2025	232	PPA Expiration
	(100)	PPA
2026	(160)	Inactive Reserve
	(155)	Planned Unit Retirement
	(200)	PPA Expiration
	(50)	PPA Expiration
	(25)	PPA Expiration
2027	(155)	Planned Unit Retirement
2028	16	Capacity Upgrade
2029	(520)	Planned Unit Retirement
	690	Planned Capacity Addition
2030	90	Planned Capacity Addition
2031		N/A

Notes:

Plans for capacity resource additions and retirements (and other forms of unavailability) remain subject to modification, due to changes in underlying information and assumptions. Alabama Power Company typically updates its resource plan in the fall of each year to reflect the most current information and assumptions available.

From time to time, Alabama Power Company enters into agreements that give it rights to renewable generation. Such agreements allow the Company to use the energy generated as renewable energy to serve its customers, or to sell the energy and the environmental attributes, separately or bundled together, to other parties for the benefit of its customers.

The referenced PPA Expiration and Acquisition in 2023, and Retirement in 2024, relate to a petition for the issuance of a certificate of convenience and necessity currently pending before the Alabama Public Service Commission in Docket No. 33182. Should the Commission issue the certificate, Alabama Power Company expects to close the transaction by the end of September 2022. That action serves as the underlying assumption for the PPA Expiration and Acquisition entries for 2023. In addition, and subject to prevailing system operating conditions, that action in turn would lead to the Planned Unit Retirement entry for 2024.

The 29 MW PPA Expiration in 2024 and the 25 MW, 50 MW, and 200 MW PPA Expirations in 2026 reflect resources that Alabama Power Company has the dispatch rights to pursuant to an agreement with another party to serve its requirements.

The PPA Expiration entries listed above reflect the full year for which the agreement is no longer in effect. The specific termination dates are as follows.

- 6.0 MW PPA expires at the end of the day on 12/6/2021
- 29 MW contracted resource expires at the end of the day on 12/31/2023
- 708 MW PPA expires at the end of the day on 9/30/2022
- 50 MW contracted resource expires at the end of the day on 12/31/2025
- 25 MW contracted resource expires at the end of the day on 12/31/2025
- 200 MW contracted resource expires at the end of the day on 12/31/2025

3. 292.302(b) (3)

The estimated capacity costs for construction of the planned capacity additions on the basis of dollars per kilowatt valued in the year shown, and the associated energy costs of each unit expressed in cents per kilowatt-hour valued in the year shown.

<u>Year</u>	<u>Type</u>	<u>Estimated Capacity Cost (\$/kW)</u>	<u>Estimated Energy Cost (cents/kWh)</u>
2022	N/A	N/A	N/A
2023	Planned Capacity Addition	-	-
	Acquisition	-	-
2024	PPA	-	-
	Self Build	-	-
	Acquisition	-	-
2025	N/A	N/A	N/A
2026	N/A	N/A	N/A
2027	N/A	N/A	N/A
2028	N/A	N/A	N/A
2029	Planned Capacity Addition	-	-
2030	Planned Capacity Addition	-	-
2031	N/A	N/A	N/A

Note: Costs associated with capacity additions and capacity and energy purchases are considered confidential and proprietary. The Alabama Public Service Commission has agreed that public disclosure of this information would impair and adversely affect Alabama Power's ability to procure cost-effective resources. Therefore, Alabama Power will make available for inspection at its offices any information required to be disclosed pursuant to 18 CFR 292.302(b)(3), subject to prior written notice and an appropriate confidentiality agreement with the receiving party.